

Irrigation and Other
Contract No. 14-06-200-7430E

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Friant Division, Central Valley Project, California

AGREEMENT FOR PARTIAL ASSIGNMENT OF
TEA POT DOME WATER DISTRICT
WATER SERVICE AND FACILITIES REPAYMENT CONTRACT TO
SAUCELITO IRRIGATION DISTRICT

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5 AGREEMENT FOR PARTIAL ASSIGNMENT OF
6 TEA POT DOME WATER DISTRICT
7 WATER SERVICE AND FACILITIES REPAYMENT CONTRACT TO
8 SAUCELITO IRRIGATION DISTRICT

9 THIS AGREEMENT, made this 14th day of April, 2013,

10 is entered into by and among the UNITED STATES OF AMERICA, hereinafter referred to as
11 the "United States", through the United States Bureau of Reclamation ("Reclamation"); Tea Pot
12 Dome Water District, hereinafter referred to as "Tea Pot Dome", and Saucelito Irrigation
13 District, hereinafter referred to as "Saucelito", both public agencies of the State of California,
14 duly organized, existing, and acting pursuant to the laws thereof, with its principal place of
15 business in California. Tea Pot Dome, Saucelito, and Reclamation may sometimes be
16 collectively referred to herein as the "Parties" and individually as a "Party".

17 WITNESSETH, That:

18 EXPLANATORY RECITALS

19 A. On October 23, 1958, the United States and Tea Pot Dome entered into Contract
20 No. 14-06-200-7430, as amended, providing for the annual delivery to Tea Pot Dome of up to
21 7,500 acre-feet of Class 1 water from the Friant Division of the Central Valley Project
22 (hereinafter referred to as the "Project") through February 28, 1995.

23 B. The United States and Tea Pot Dome entered into a series of interim renewal
24 contracts, identified as Contract Nos. 14-06-200-7430-IR1, IR2, IR3, and IR4, which provided for
25 the continued water service to Tea Pot Dome from March 1, 1995 through February 28, 2001.

26 C. Subsequently, the United States and Tea Pot Dome entered into a long-term
27 renewal contract identified as Contract No. 14-06-200-7430-LTR1, which provided for
28 continued water service to Tea Pot Dome through February 28, 2026, which was amended
29 January 22, 2007.

30 D. On December 10, 2010, the United States and Tea Pot Dome entered into
31 Repayment Contract No. 14-06-200-7430D, providing for continued water service and facilities
32 repayment. Hereinafter, Tea Pot Dome's Repayment Contract, as it may be modified from time
33 to time in accordance with law, and as supplemented herein, will be referred to as the
34 "Existing Contract".

35 E. On December 17, 2010, Tea Pot Dome remitted to the United States
36 \$1,478,085.21, representing payment in full of the Repayment Obligation, as that term is used in
37 the Existing Contract. With the payment of the Repayment Obligation and in accordance with
38 subdivision (b) of Article 2 of the Existing Contract, Exhibit "E", attached to the Existing
39 Contract, became the entire agreement between Tea Pot Dome and Reclamation and the tiered
40 pricing component and the acreage limitations, reporting, and full cost pricing provisions of the
41 Reclamation Reform Act of 1982 were no longer applicable to Tea Pot Dome.

42 F. On February 13, 1951, the United States and Saucelito entered into Contract
43 No. I75r-2604, as amended, providing for the annual delivery to Saucelito of up to
44 21,200 acre-feet of Class 1 water and up to 32,800 acre-feet of Class 2 water from the Friant
45 Division of the Project through February 28, 1991.

46 G. The United States and Saucelito entered into a series of interim renewal contracts,
47 identified as Contract Nos. I75r-2604R and I75r-2604-IR1, which provided for the continued
48 water service to Saucelito from March 1, 1991 through February 28, 2001.

49 H. On December 10, 2010, the United States and Saucelito entered into Repayment
50 Contract No. I75r-2604D, providing for continued water service and facilities repayment.

51 I. Tea Pot Dome has requested that Reclamation approve a partial assignment of the
52 Existing Contract to Saucelito to provide an additional source of Project Water, as that term is
53 used in the Existing Contract, hereinafter referred to as "Project Water", to Saucelito.

54 J. Article 32 of the Existing Contract provides for assignment of the Existing
55 Contract, or any interest therein, with the written approval of the Contracting Officer acting on
56 behalf of the United States.

57 K. Tea Pot Dome intends to hereby assign a portion of the Existing Contract to
58 Saucelito in exchange for monetary consideration. Tea Pot Dome and Saucelito now wish to
59 secure Reclamation's approval of the assignment of a portion of the Project Water referenced in
60 the Existing Contract to Saucelito.

61 L. Upon the effective date of this Agreement, Tea Pot Dome's partial assignment to
62 Saucelito will be final and Saucelito will accept and be fully responsible for all rights and
63 obligations of a Contractor, as that term is used under the Existing Contract, with respect to
64 300 acre-feet of Class 1 Project Water (hereinafter referred to as the "Assigned Project Water").

65 M. Tea Pot Dome and Saucelito will comply with all applicable Federal, state, and
66 local laws, rules, and ordinances that apply to this Agreement.

67 N. The Parties to this Agreement each have complied with all environmental and
68 other laws applicable to their respective approval and implementation of this Agreement,
69 including but not limited to, the National Environmental Policy Act, the California
70 Environmental Quality Act, Reclamation Law, and the Federal Endangered Species Act.

71 IT IS THEREFORE AGREED AMONG THE PARTIES:

72 TERMS AND CONDITIONS

73 1. (a) Upon the effective date of this Agreement, the assignment to Saucelito of
74 Tea Pot Dome's rights to the Assigned Project Water will be complete and Saucelito
75 acknowledges and accepts the obligation to pay its proportionate share of the Additional Capital
76 Obligation, as that term is used in the Existing Contract. Saucelito will, commencing on the
77 effective date of this Agreement, assume all rights, duties, and interests of a Contractor, as that
78 term is used in the Existing Contract, as they apply to the Assigned Project Water, separately
79 from Tea Pot Dome. Saucelito accepts all obligations, terms and conditions with respect to the
80 Existing Contract applicable to the Contractor, as that term is used under the Existing Contract,
81 as they apply to the Assigned Project Water. This Agreement shall not constitute an amendment
82 or modification of the terms, conditions, obligations, and duties in the Existing Contract.

83 (b) Reclamation's approval of this Agreement shall not constitute a release by
84 Reclamation of Tea Pot Dome from any of its duties and obligations under the Existing Contract
85 as to all Project Water other than the Assigned Project Water. Reclamation will consider
86 Saucelito separately from Tea Pot Dome as a Contractor, as that term is used under the Existing
87 Contract, and as to those quantities assigned hereby will hold Saucelito responsible for
88 compliance with the terms and conditions of the Existing Contract in connection with the
89 Assigned Project Water.

90 PAYMENT OF EXISTING OPERATION AND MAINTENANCE DEFICITS

91 2. (a) Prior to the effective date of this Agreement, Tea Pot Dome shall have
92 paid in full to the United States any operation and maintenance deficit that may be owed by Tea

93 Pot Dome to the United States as a result of the previous delivery of the Assigned Project Water
94 to Tea Pot Dome pursuant to the Existing Contract.

95 (b) Reclamation acknowledges and agrees that, upon the satisfaction of
96 subdivision (a) above, no operation and maintenance deficit is owed by Tea Pot Dome to the
97 United States as a result of the delivery of the Project Water as of September 30, 2011.
98 However, if Reclamation determines there is any additional amount owed or at any time needs to
99 make an adjustment to its past water contractor accountings, resulting in an amount that is
100 outstanding or overpaid as a result of delivery of Project Water to Tea Pot Dome, including
101 Restoration Fund charges, such amount or adjustment shall be owed by Tea Pot Dome if
102 outstanding, or credited or refunded to Tea Pot Dome if overpaid.

103 CONTRACTOR SERVICE AREA AND POINTS OF DIVERSION

104 3. Consistent with the Existing Contract, on or after the effective date of this
105 Agreement, the Assigned Project Water will be delivered to Saucelito's service area as shown on
106 Exhibit "A" attached to this Agreement. Saucelito will divert the Assigned Project Water from
107 existing points of diversion located on the Friant-Kern Canal, or other points approved in writing
108 by Reclamation.

109 RESERVATION OF INTEREST

110 4. (a) Upon full execution of this Agreement, Saucelito shall be the Contractor
111 under the Existing Contract as to the Assigned Project Water, and Tea Pot Dome shall continue
112 to be the Contractor under the Existing Contract for all Project Water other than the Assigned
113 Project Water.

114 (b) Any breach or default by Saucelito of any obligation with respect to the
115 Assigned Project Water shall not affect the rights, duties, obligations, and interests of Tea Pot

116 Dome with respect to the Existing Contract, and shall not constitute a breach or default of Tea
117 Pot Dome with respect to the balance of Project Water under the Existing Contract.

118 (c) In the event of termination of this Agreement, Tea Pot Dome hereby
119 retains a right of reverter, as described below in this subdivision, to all of the Contractor's rights
120 and obligations under the Existing Contract to the full contractual quantities set forth in Article 3
121 of the Existing Contract. The Parties agree that in the event that this Agreement is terminated
122 and provided that any curable breaches by Saucelito, as determined by the Contracting Officer,
123 existing at the time of termination of this Agreement are cured within a reasonable time by Tea
124 Pot Dome, then Tea Pot Dome's rights and obligations related to all contract quantities specified
125 in Article 3 of the Existing Contract shall fully revert to Tea Pot Dome. Saucelito's rights and
126 obligations related to the Assigned Project Water as established by this Agreement shall
127 terminate, as of the date of such reversion.

128 WATER RATES AND CHARGES

129 5. The Assigned Project Water shall be subject to the applicable Rates and Charges
130 as shown in Exhibit "B", attached to this Agreement, which shall be subject to annual adjustment
131 as provided in subdivision (c) of Article 7 in the Existing Contract, and crediting determined
132 annually in accordance with Federal law, associated regulations and the then-existing Central
133 Valley Project Ratesetting policies. Saucelito shall submit to Reclamation water delivery
134 schedules as required by the Existing Contract, as may be amended. Upon the effective date of
135 this Agreement, all historic, present, and future costs and credits accrued under the Existing
136 Contract, that relates to the Assigned Project Water, will be recognized and established under
137 separate financial accountings for Saucelito.

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RECOVERED WATER ACCOUNT

6. On the effective date of this Agreement, Saucelito will be entitled to a proportionate share of any subsequent Recovered Water Account credits made available by the United States pursuant to the Existing Contract. The manner in which the Recovered Water Account will be administered will be developed in accordance with subdivision (k) of Article 7 of the Existing Contract, the San Joaquin River Restoration Settlement Act, and Paragraph 16 of the Stipulation of Settlement.

FRIANT SURCHARGE REDUCTION
CALCULATIONS—EXHIBITS “C-1” AND “C-2”

7. Saucelito’s applicable reduction of the Friant Surcharge and other values, as set forth in subdivision (c) of Article 7 in the Existing Contract, are reflected in Exhibit “C-1” attached to this Agreement. Tea Pot Dome’s applicable reduction of the Friant Surcharge and other values, as set forth in subdivision (c) of Article 7 in the Existing Contract, are reflected in Exhibit “C-2” attached to this Agreement.

APPLICABILITY OF THE RECLAMATION REFORM ACT OF 1982

8. The acreage limitations, reporting, and Full Cost pricing provisions of the Reclamation Reform Act of 1982 (96 Stat. 1293), hereinafter referred to as “RRA”, do not apply to lands in Saucelito’s Service Area with respect to the Assigned Project Water pursuant to this Agreement. Saucelito is not currently subject to the acreage limitations, reporting, and Full-Cost pricing provisions of the RRA.

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TERMINATION CLAUSE

9. This Agreement shall become effective on the date referenced in Article 14 and shall continue so long as Saucelito is complying with the terms and conditions of the Existing Contract, making the annual payments required and paying any other amounts owing under the Existing Contract, this Agreement and applicable law, as they apply to the Assigned Project Water, unless it is terminated by the Contracting Officer by reason of a material uncured breach by Saucelito; *Provided*, That the Contracting Officer shall not seek to terminate this Agreement by reason of an asserted material uncured breach by Saucelito unless it has first provided at least 60 days' written notice of the asserted breach to Saucelito and Saucelito has failed to cure such breach (or to diligently commence curative actions satisfactory to the Contracting Officer for a breach that cannot be fully cured within 60 days) within the 60-day notice period; *Provided further*, That this Agreement may be terminated at any time by mutual consent of the Parties hereto. If this Agreement is terminated pursuant to this Article 9, the provisions of subdivision (c) of Article 4 shall apply.

UNITED STATES APPROVAL

10. The United States hereby approves this Agreement, accepts the assignment contemplated hereby and accepts Saucelito as a Contractor, as that term is used in the Existing Contract, and finds that no further action by the United States is necessary to put this Agreement into effect.

AGREEMENT DRAFTING CONSIDERATIONS

11. Articles 1 through 10 and 14 of this Agreement have been drafted, negotiated, and reviewed by the Parties hereto, each of whom is sophisticated in the matters to which this Agreement pertains, and no one Party shall be considered to have drafted the stated articles.

181 ASSIGNMENT LIMITED—SUCCESSORS AND ASSIGNS OBLIGATED

182 12. The provisions of this contract shall apply to and bind the successors and assigns
183 of the Parties hereto, but no assignment or transfer of this contract or any right or interest therein
184 by either Party shall be valid until approved in writing by the other Party.

185 NOTICES

186 13. Any notice, demand, or request authorized or required by this contract shall be
187 deemed to have been given, on behalf of Saucelito and Tea Pot Dome, when mailed, postage
188 prepaid, or delivered to the Area Manager, South-Central California Area Office, Bureau of
189 Reclamation, 1243 “N” Street, Fresno, California 93721, and on behalf of the United States,
190 when mailed, postage prepaid, or delivered to the Board of Directors of Saucelito Irrigation
191 District, Post Office Box 3858, Porterville, California 93258-3858 and the Board of Directors of
192 Tea Pot Dome Water District, 105 West Tea Pot Dome Avenue, Porterville, California 93257.
193 The designation of the addressee or the address may be changed by notice given in the same
194 manner as provided in this article for other notices.

195 EFFECTIVE DATE

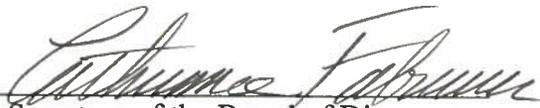
196 14. The effective date of this Agreement shall be October 1, 2012; *Provided*, That it is
197 fully executed by all the Parties.

198 IN WITNESS WHEREOF, the Parties have executed this Agreement as of the
199 day and year first above written.

200 TEA POT DOME WATER DISTRICT

201 By 
202 President, Board of Directors
(Seal)

203 Attest:

204 By: 
205 Secretary of the Board of Directors

206 SAUCELITO IRRIGATION DISTRICT

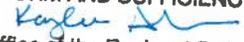
207 By 
208 President, Board of Directors
(Seal)

209 Attest:

210 By: 
211 Secretary of the Board of Directors

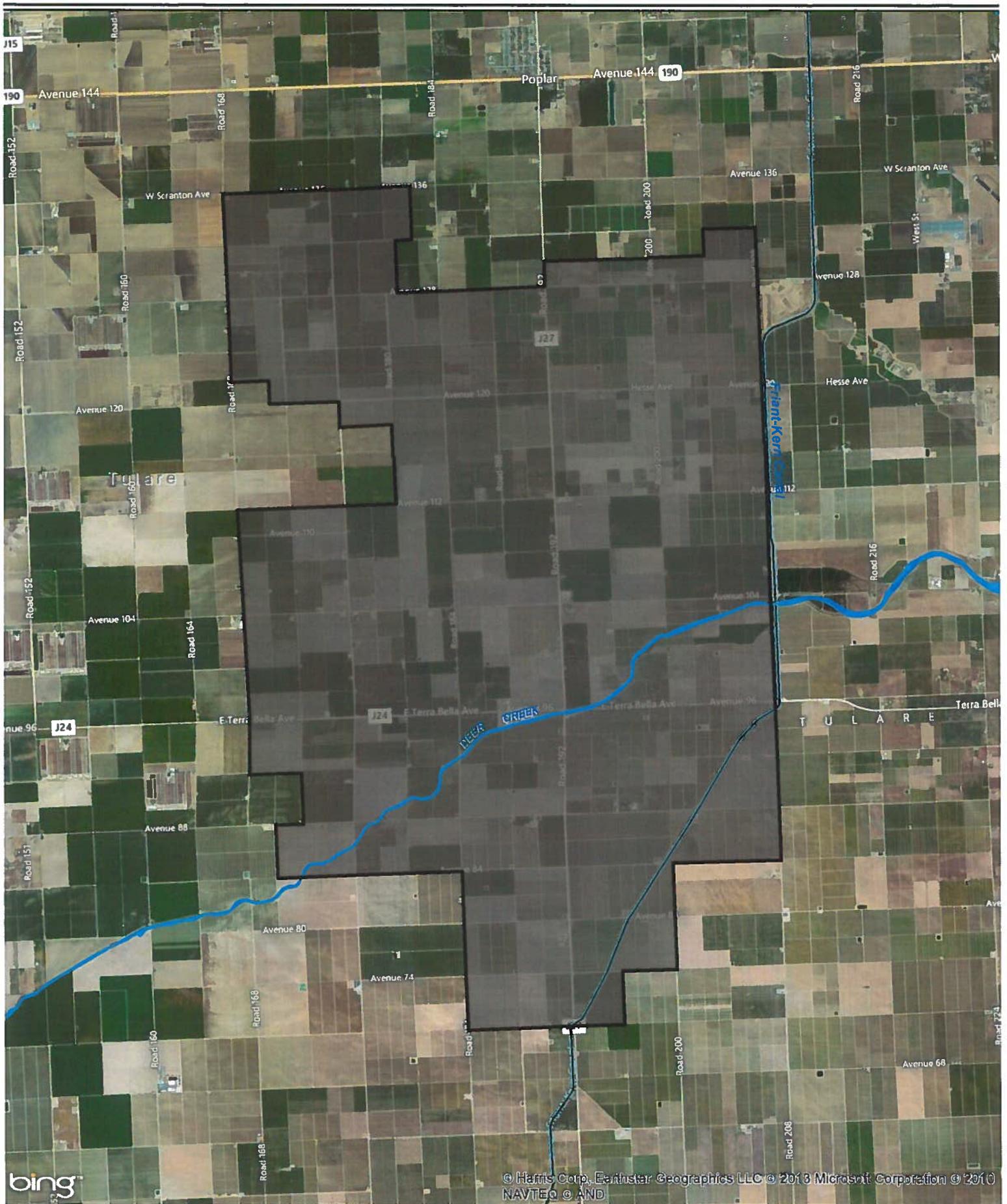
212 The foregoing Agreement for Partial Assignment of the Existing Contract and the terms
213 detailed above are hereby approved and accepted by the United States of America.

214 UNITED STATES OF AMERICA

215 APPROVED AS TO LEGAL
216 FORM AND SUFFICIENCY

217 Office of the Regional Solicitor
Department of the Interior

By 
Regional Director, Mid-Pacific Region
Bureau of Reclamation

FOR



bing

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Saucelito I.D.

Contract No. 14-06-200-7430E
Exhibit A

Contractor's Service Area Boundary

-  Contractor's Service Area (Irrigation Only)
-  District Boundary

Date: June 29, 2012
File Name: N:\Districts\Contract\Saucelito\Saucelito_14-06-200-7430A.mxd



1785-202-157

EXHIBIT B
SAUCELITO IRRIGATION DISTRICT
2012 Rates and Charges
(Per Acre-Foot)

	Irrigation Water Class 1	Other Water Class 1
COST-OF-SERVICE (COS) RATES		
Capital Component ¹		
O&M Components		
Water Marketing	\$6.43	\$3.13
Storage	\$8.03	\$7.49
Conveyance Pumping ²		
Conveyance	\$0.15	
American Recovery and Reinvestment Act (ARRA)	\$0.02	
TOTAL COS RATES	\$14.63	\$10.62
MINIMUM OTHER WATER RATE³		
		\$15.00
CHARGES AND ASSESSMENTS (<i>Payments in addition to Rates</i>)		
P.L. 102-575 Surcharges		
Restoration Fund Payment [Section 3407(d)(2)(A)]	\$9.79	\$19.58
Friant Surcharge [Section 3406(c)(1)]	\$7.00	\$7.00
P.L. 106-377 Assessment (Trinity Public Utilities District) [Appendix B, Section 203]	\$0.05	\$0.05

EXPLANATORY NOTES

- ¹ Contractor's rate reflects contract has converted to 9(d) pursuant to the San Joaquin River Restoration Settlement Act. As such, all current and future obligations for construction costs will be repaid through a separate repayment agreement.
- ² Conveyance and Conveyance Pumping operation and maintenance costs were removed for ratesetting purposes and are to be direct billed by the Operating Non-Federal Entity.
- ³ Cost of Service rate is the greater of the CVP minimum rate of \$15.00 per acre-foot or the cost of service rates.

Exhibit C-1
Friant Surcharge Reduction Calculation

Friant Contractor:
San Joaquin River Restoration Act

Saucelito ID

Average Annual Delivery - Forecasted for 2020-2039*	255
Total Projected deliveries (over 20 yr period)**	5,100
Article 7(c)	5,100
20 yr CMT as of 10/1/2010	3.400%
1/2 20 yr CMT as of 10/1/2010	1.700%
Irrigation Portion of Existing Capital Obligation	\$70,239
NPV at Half CMT (Repayment Obligation)	\$59,123
NPV at Full CMT	\$50,368
Financing Cost Offset[®]: (Article 7(c)(1))	\$8,755
NPV of FS Reduction	\$8,120
Difference between Financing Cost Offset and NPV of FS Reduction	\$635
2020 Other Obligation Credit (FV of difference) (Art. 7(c)(2))***	\$858

Year	Irrigation portion of Allocated Capital Cost			CVPIA Friant Surcharges	Reduction in Friant Surcharge			
	Beginning Balance	Straight Line Repayment		Surcharge per Acre-Foot Before Reduction	Friant Surcharge Reduction per Article 7(c)(1)	Friant Surcharge due per A/F after Reduction	Projected Total Annual Credit	2020 Other Obligation Credit Calculation (Art. 7(c)(2))
2011	\$ 70,239	\$ 3,512		\$7.00		\$7.00	0 \$	634.84
2012	\$ 66,727	\$ 3,512		\$7.00		\$7.00	0 \$	656.42
2013	\$ 63,215	\$ 3,512		\$7.00		\$7.00	0 \$	678.74
2014	\$ 59,703	\$ 3,512		\$7.00		\$7.00	0 \$	701.82
2015	\$ 56,191	\$ 3,512		\$7.00		\$7.00	0 \$	725.68
2016	\$ 52,679	\$ 3,512		\$7.00		\$7.00	0 \$	750.35
2017	\$ 49,167	\$ 3,512		\$7.00		\$7.00	0 \$	775.86
2018	\$ 45,655	\$ 3,512		\$7.00		\$7.00	0 \$	802.24
2019	\$ 42,144	\$ 3,512		\$7.00		\$7.00	0 \$	829.52
2020	\$ 38,632	\$ 3,512		\$7.00	(\$3.00)	\$ 4.00	(\$765)	\$ 857.72
2021	\$ 35,120	\$ 3,512		\$7.00	(\$3.00)	\$ 4.00	(765)	
2022	\$ 31,608	\$ 3,512		\$7.00	(\$3.00)	\$ 4.00	(765)	
2023	\$ 28,096	\$ 3,512		\$7.00	(\$3.00)	\$ 4.00	(765)	
2024	\$ 24,584	\$ 3,512		\$7.00	(\$3.00)	\$ 4.00	(765)	
2025	\$ 21,072	\$ 3,512		\$7.00	(\$3.00)	\$ 4.00	(765)	
2026	\$ 17,560	\$ 3,512		\$7.00	(\$3.00)	\$ 4.00	(765)	
2027	\$ 14,048	\$ 3,512		\$7.00	(\$3.00)	\$ 4.00	(765)	
2028	\$ 10,536	\$ 3,512		\$7.00	(\$3.00)	\$ 4.00	(765)	
2029	\$ 7,024	\$ 3,512		\$7.00	(\$3.00)	\$ 4.00	(765)	
2030	\$ 3,512	\$ 3,512		\$7.00	(\$3.00)	\$ 4.00	(765)	
2031				\$7.00	(\$3.00)	\$ 4.00	(765)	
2032				\$7.00	(\$3.00)	\$ 4.00	(765)	
2033				\$7.00	(\$3.00)	\$ 4.00	(765)	
2034				\$7.00	(\$3.00)	\$ 4.00	(765)	
2035				\$7.00	(\$3.00)	\$ 4.00	(765)	
2036				\$7.00	(\$3.00)	\$ 4.00	(765)	
2037				\$7.00	(\$3.00)	\$ 4.00	(765)	
2038				\$7.00	(\$3.00)	\$ 4.00	(765)	
2039				\$7.00	(\$3.00)	\$ 4.00	(765)	
	\$ 70,239						(\$15,300)	

Exhibit C-1
Friant Surcharge Reduction Calculation

Footnotes

* Average annual delivery forecast indicated above is a mutually agreed upon estimate of deliveries during the period 2020-2039 for purposes of calculating the Friant Surcharge reduction and related credits only.

** This figure represents the total cumulative deliveries the reduced surcharge is applicable to, but not beyond 2039. If cumulative actual deliveries exceed this amount prior to 2039, the full Friant Surcharge is applicable to deliveries in excess of this amount.

*** The difference represents the amount of financing costs that are not offset through the reduced Friant Surcharge computed on this schedule. Pursuant to Section 7(c)(2), this amount shall offset the Contractor's other outstanding or future obligations. After 2020, the Contractor's other obligations shall be reduced in the following order to fully offset this amount: 1) Payments or prepayments due for O&M expenses and, to the extent applicable, 2) Additional Capital Obligation.

@ Amount of reduction in Friant Surcharge is computed using FPV of Financing Costs adjusted to Yr 2020. Annual Friant Surcharge reduction to fully offset Financing costs is computed and presented on a per a/f basis. Friant surcharge may be reduced up to \$3 per a/f.

Friant Surcharge (FS) Reduction Calculations

FV of Total Financing Cost for Offset	\$	12,231
Annual Credit Target	\$	(825)
FS Reduction w/o limit	\$	(3.23)
FS Reduction limit	\$	(3.00)

Exhibit C-2
Restated Friant Surcharge Reduction Calculation

Friant Contractor:
San Joaquin River Restoration Act

Tea Pot Dome WD

Average Annual Delivery - Forecasted for 2020-2039*	6,120
Total Projected deliveries (over 20 yr period)**	
Article 7(c)	122,400
20 yr CMT as of 10/1/2010	3.400%
1/2 20 yr CMT as of 10/1/2010	1.700%
Irrigation Portion of Existing Capital Obligation	\$1,685,741
NPV at Half CMT (Repayment Obligation)	\$1,418,962
NPV at Full CMT	\$1,208,834
Financing Cost Offset[®]: (Article 7(c)(1))	\$210,128
NPV of FS Reduction	\$194,892
Difference between Financing Cost Offset and NPV of FS Reduction	\$15,236
2020 Other Obligation Credit (FV of difference) (Art. 7(c)(2))***	\$20,585

Year	Irrigation portion of Allocated Capital Cost		CVPIA Friant	Reduction in Friant Surcharge			2020 Other Obligation Credit Calculation (Art. 7(c)(2))
	Beginning Balance	Straight Line Repayment	Surcharge per Acre- Foot Before Reduction	Friant Surcharge Reduction per Article 7(c)(1)	Friant Surcharge due per A/F after Reduction	Projected Total Annual Credit	
2011	\$ 1,685,741	\$ 84,287	\$7.00		\$7.00	0	\$ 15,236.06
2012	\$ 1,601,454	\$ 84,287	\$7.00		\$7.00	0	\$ 15,754.09
2013	\$ 1,517,167	\$ 84,287	\$7.00		\$7.00	0	\$ 16,289.73
2014	\$ 1,432,880	\$ 84,287	\$7.00		\$7.00	0	\$ 16,843.58
2015	\$ 1,348,593	\$ 84,287	\$7.00		\$7.00	0	\$ 17,416.26
2016	\$ 1,264,306	\$ 84,287	\$7.00		\$7.00	0	\$ 18,008.41
2017	\$ 1,180,019	\$ 84,287	\$7.00		\$7.00	0	\$ 18,620.70
2018	\$ 1,095,732	\$ 84,287	\$7.00		\$7.00	0	\$ 19,253.80
2019	\$ 1,011,445	\$ 84,287	\$7.00		\$7.00	0	\$ 19,908.43
2020	\$ 927,158	\$ 84,287	\$7.00	(\$3.00)	\$ 4.00	(\$18,360)	\$ 20,585.32
2021	\$ 842,871	\$ 84,287	\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2022	\$ 758,584	\$ 84,287	\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2023	\$ 674,297	\$ 84,287	\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2024	\$ 590,010	\$ 84,287	\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2025	\$ 505,722	\$ 84,287	\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2026	\$ 421,435	\$ 84,287	\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2027	\$ 337,148	\$ 84,287	\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2028	\$ 252,861	\$ 84,287	\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2029	\$ 168,574	\$ 84,287	\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2030	\$ 84,287	\$ 84,287	\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2031			\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2032			\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2033			\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2034			\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2035			\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2036			\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2037			\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2038			\$7.00	(\$3.00)	\$ 4.00	(18,360)	
2039			\$7.00	(\$3.00)	\$ 4.00	(18,360)	
	\$ 1,685,741					(\$367,200)	

Exhibit C-2
Restated Friant Surcharge Reduction Calculation

Footnotes

* Average annual delivery forecast indicated above is a mutually agreed upon estimate of deliveries during the period 2020-2039 for purposes of calculating the Friant Surcharge reduction and related credits only.

** This figure represents the total cumulative deliveries the reduced surcharge is applicable to, but not beyond 2039. If cumulative actual deliveries exceed this amount prior to 2039, the full Friant Surcharge is applicable to deliveries in excess of this amount.

*** The difference represents the amount of financing costs that are not offset through the reduced Friant Surcharge computed on this schedule. Pursuant to Section 7(c)(2), this amount shall offset the Contractor's other outstanding or future obligations. After 2020, the Contractor's other obligations shall be reduced in the following order to fully offset this amount: 1) Payments or prepayments due for O&M expenses and, to the extent applicable, 2) Additional Capital Obligation.

@ Amount of reduction in Friant Surcharge is computed using FPV of Financing Costs adjusted to Yr 2020. Annual Friant Surcharge reduction to fully offset Financing costs is computed and presented on a per a/f basis. Friant surcharge may be reduced up to \$3 per a/f.

Friant Surcharge (FS) Reduction Calculations

FV of Total Financing Cost for Offset	\$	293,555
Annual Credit Target	\$	(19,795)
FS Reduction w/o limit	\$	(3.23)
FS Reduction limit	\$	(3.00)